KINNER

AIRPLANE AND MOTOR CORPORATION, LTD.

ANNUAL REPORT—1933

DIRECTORS

ROBERT PORTER
ROY D. BAYLY
B. L. GRAVES
FLOYD MERRITT
A. G. DAVENPORT
A. G. FICKEISEN

OFFICERS

ROBERT PORTER — PRESIDENT
B. L. GRAVES — VICE-PRESIDENT
ROY D. BAYLY — SECRETARY-TREASURER
W. G. MILNE — ASST. SECRETARY-TREASURER

TRANSFER AGENT

KINNER AIRPLANE AND MOTOR CORP. LTD.
GLENDALE

REGISTRAR

BANK OF AMERICA
LOS ANGELES

COUNSEL

FICKEISEN & RICHARDSON
LOS ANGELES

AUDITORS

TOUCHE, NIVEN & CO.
LOS ANGELES

EXECUTIVE OFFICES AND FACTORY
635 WEST COLORADO BLVD.,
GLENDALE, CALIF.

Glendale, California, May 1, 1934.

TO THE SHAREHOLDERS OF
KINNER AIRPLANE & MOTOR CORPORATION, LTD.:

On behalf of your Board of Directors, I submit herewith the annual report of your corporation, including Balance Sheet as of December 31, 1933.

The year ending December 31, 1933, was an exceedingly trying one. The total U. S. aircraft production for the year was lower than for any year since 1926. Our net sales were $126,246.28. The net operating loss for the period was $156,348.91, after depreciation charges of $70,171.17. Briefly, there was not enough business available to absorb the fixed charges.

During the year we completed development work on the 7-cylinder 300 h.p. engine which was recently approved by the United States Department of Commerce after a very successful test. This engine when equipped with a supercharger will develop 370 h.p. at 5,000 feet. It is expected that the supercharged engine will be submitted to the Department for Approved Type Certificate within the next sixty days.

We continued our development work on a large double row radial engine to develop 800 h.p. at high altitudes and during the year we submitted three designs to the United States Navy, the last one of which they accepted. They have since placed a development order with us for one of these engines which we believe will result in our company becoming an important source of supply for large engines for the United States Government. This engine will become increasingly necessary for transport work, which opens up another important outlet for our products.

During the year we continued the development of our line of airplanes, ranging from the 100 h.p. Sportster to the 300 h.p. four-place cabin plane.

Orders for airplanes are at present considerably ahead of production.

The 1934 selling season is opening up very briskly and your company has orders on its books for immediate delivery considerably in excess of the total sales volume of 1933.

Your company has no outstanding bonds or mortgages and only 399,680 shares of common stock outstanding. Our business is much better now than at any time since 1930 and if the improvement continues it is most probable that we shall get onto a profitable operating basis during the current year.

Respectfully submitted,

Robert Porter
President.

Kinner Stockholders are invited to see the Kinner Airplanes at their local Airport. Should you find Kinner not represented there, drop us a line advising who you think would be the most likely representative.

Kindly notify the Transfer Agent of any change in address and if you have not already sent in your no par value stock to be stamped in accordance with our letter of January 23, 1934, please do so right away.

KINNER AIRPLANE AND MOTOR CORPORATION, LTD.

Balance Sheet, December 31, 1933

ASSETS

CURRENT ASSETS:			
Cash		$ 2,135.17	
Notes and accounts receivable	$ 7,154.34		
Less reserve for doubtful accounts	2,500.00		
		4,654.34	
Inventories:			
Finished parts	$116,592.26		
Finished airplanes	5,058.00		
Work in process	20,694.40		
Raw materials	54,247.00		
Special airplane in process, on order	3,954.01		
Raw materials in transit	1,145.69		
		201,691.36	
Sundry accounts receivable		185.23	
			$ 208,666.10
PREPAID EXPENSE			4,232.16
FIXED ASSETS, at cost:			
Shop machinery and equipment, jigs, dies, patterns, furniture and fixtures	$549,122.80		
Less reserves for depreciation	305,696.03		
		$ 243,426.77	
Improvements to leased property	$ 79,366.77		
Less amortization thereof	64,182.45		
		15,184.32	
			258,611.09
DEFERRED CHARGES:			
Development and experimental expense, including operating loss since inception		$1,741,288.63	
Organization expense		57,363.32	
			1,798,651.95
			$2,270,161.30

*NOTE—On January 23, 1934, the authorized capital stock of the Corporation was changed from 399,868 shares of no par value to 2,000 000 shares of the par value of $1.00 each, of which at this date, May 1, 1934, 399,680 shares are outstanding.

LIABILITIES

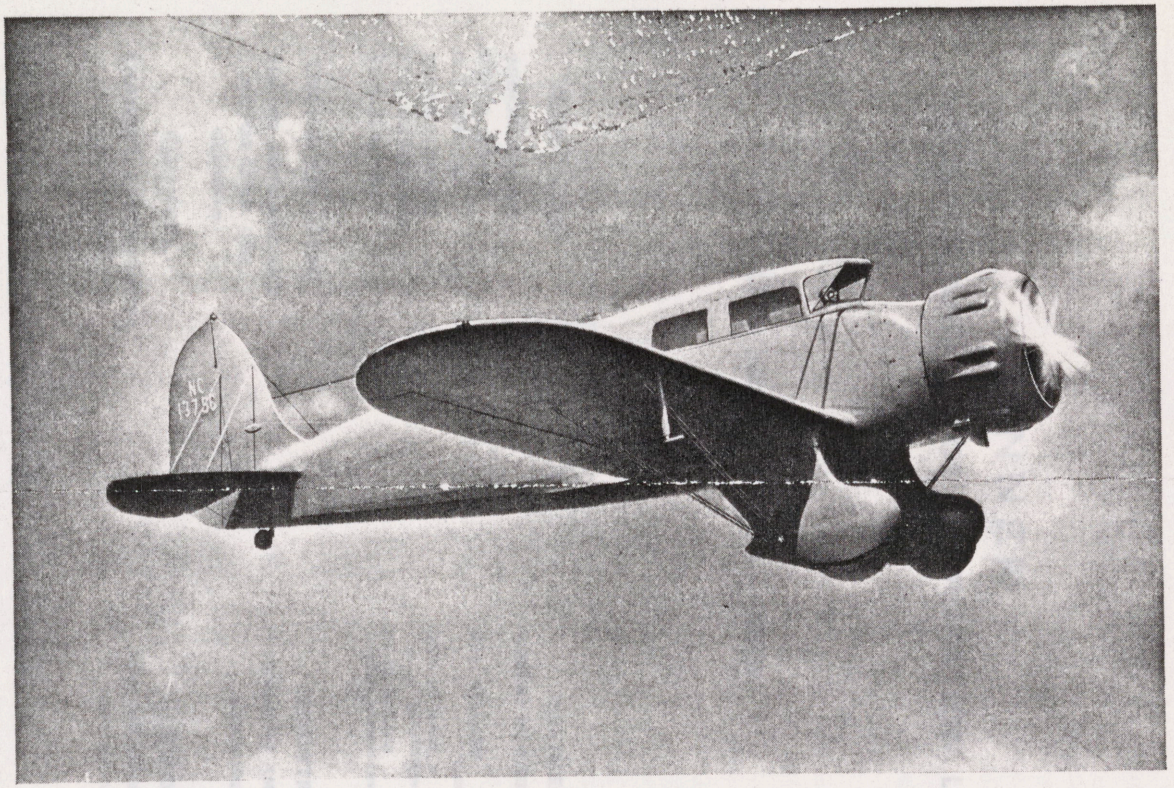
CURRENT LIABILITIES:				
Notes and trade acceptances payable			$ 52,581 49	
City and County property taxes payable			6,032 15	
Accounts payable and accrued expenses			39,721.16	
				$ 98,334.80
CUSTOMERS DEPOSITS				9,219.00
RESERVE FOR CONTINGENCIES, including provision for inventory revaluation and obsolescence				100,000.00
CAPITAL STOCK:				
Authorized, 399 868 shares of no par value*				
Outstanding:				
Issued and to be issued in exchange for 1,999,338 shares of Kinner Airplane & Motor Corporation stock of the par value of $1.00 each:	*Shares*	*Amount*		
Issued for 1.842,591 shares	184,259.1	$1,842,591.00		
To be issued for 156,747 shares	15,674.7	156,747.00		
	199,933.8	$1,999,338.00		
Issued at $1.00 each under permit expired April 15, 1933	26,199.	26,199.00		
Issued under permit expiring May 4, 1934, to issue 173,547.2 shares at fifty cents each, whereof 95,676 shares reserved on options extending concurrently with the permit	74,141.	37,070.50		
	300,273.8			2,062,607.50
CONTINGENT LIABILITY—Material purchase commitment			$ 8,651.19	
				$2,270,161.30

TO THE PRESIDENT AND BOARD OF DIRECTORS,
KINNER AIRPLANE & MOTOR CORPORATION, LTD.:

We have examined the accounts of Kinner Airplane & Motor Corporation, Ltd., for the year ended December 31, 1933. In accordance with the previous policy of the management the net expenses for the year then ended have been capitalized as development and experimental expense on airplanes and airplane motors.

On the aforementioned basis the accompanying balance sheet, in our opinion, correctly presents the financial position of the Company as of December 31, 1933.

TOUCHE, NIVEN & CO.,
Public Accountants.



The new Kinner four-place externally wire braced low-wing cabin monoplane was recently awarded Approved Type Certificate No. 532 by the United States Department of Commerce.

This airplane has a top speed of approximately 170 M.P.H. and with four passengers and 231 lbs. of baggage carries 85 gallons of gasoline, enough to cruise 700 miles. It has a very wide range of usefulness for charter service, air transport feeder lines, military transport, sportsmen fliers and general business purposes. Its low wing design with the resultant cushioning when near the ground gives an exceptionally low landing speed.